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Standard Forms  
of Marine Builders Risk  
(Navy Form-Syndicate) and  
War Damage Insurance Policies  
Referred to in Vessel Contracts  
of the Bureau of Ships

NAVY DEPARTMENT  
BUREAU OF SHIPS

November 23, 1942

UNITED STATE  
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NAVY DEPARTMENT, WASHINGTON, D. C.

The Navy Department has recently adopted the policy of eliminating certain insurance coverage with respect to Government-owned property and of assuming, for the United States of America, the corresponding risks of loss. The following are the standard forms of insurance policies referred to in Bureau of Ships contracts for the construction of vessels for the purpose of defining the risks assumed under such contracts.

(s) E. L. COCHRANE,  
*Chief of the Bureau of Ships of the Navy Department.*

Dated: November 23, 1942

## BUILDER'S RISK INSURANCE CERTIFICATE

BY THIS CERTIFICATE OF INSURANCE the subscribers hereto, severally but not jointly, do make insurance and cause \_\_\_\_\_ to be insured, for account of whom it may concern, themselves and the United States Government as interest may appear at the time of loss. Loss, if any, payable in funds current in the United States to the Secretary of the Navy, or order, for the use of the United States to the extent of any payments made to \_\_\_\_\_ plus the amount of any loss of and/or damage to materials and/or equipment and/or appliances furnished by the Navy Department, and for the use of \_\_\_\_\_ as to any remaining balance \_\_\_\_\_

At and from \_\_\_\_\_, 19\_\_\_\_, noon, (at location of risk), until delivered by the builders at \_\_\_\_\_ in the amount of \_\_\_\_\_ dollars, (\$\_\_\_\_\_), these assurers to receive as the consideration therefor premium at the rate of \_\_\_\_\_ percent for the full period of \_\_\_\_\_ months; in the event that the vessel has not been delivered by \_\_\_\_\_ these assurers to be paid additional premium at the rate of \_\_\_\_\_ percent for each month or part thereof that this insurance is in force thereafter.

In the event of nonpayment of premium by \_\_\_\_\_ within thirty days after attachment hereof, or any extension hereof, this insurance may be canceled by the assurers upon ten days' notice of such cancelation being given to \_\_\_\_\_ and to the Secretary of the Navy; a written and/or telegraphic notice by or through the brokers and/or their English or American correspondents who arranged this insurance, to said \_\_\_\_\_, at its last known address, and to the Secretary of the Navy, Washington, District of Columbia, shall constitute a complete notice as required under this clause; the \_\_\_\_\_ shall remain liable for the unpaid premium earned by this certificate at the time such cancelation becomes effective.

On hull, tackle, apparel, ordnance, munitions, artillery, engines, boilers, machinery, appurtenances, etc., (including plans, patterns,

molds, etc.), boats, and other equipment, furniture, and fixtures, and all material belonging to and/or intended for -----  
 ----- or by whatsoever name or names the said vessel is or shall be named or called, building, or to be built, rebuilding, repairing, and/or completed and awaiting delivery at -----

The said vessel, etc. (including all materials, equipment, and/or appliances therefor), for so much as concerns these assured and assurers is and shall be valued at -----  
 dollars, (\$-----).

This insurance is intended to fully indemnify the assured (up to an amount not exceeding the amount hereby insured), in the proportion that the amount hereby insured bears to the valuation of the subject-matter of this insurance as herein-before stated, for any and all loss, damage, and expense to the property hereby insured, arising from the perils insured against hereunder, irrespective of the actual value of the property; and in the event of loss, damage, or expense covered under the terms of this certificate exceeding in amount the valuation named herein (without abandonment having been tendered or accepted), the assured are privileged to claim the full amount of this certificate, even though repairs be not effected and the construction of the vessel be abandoned, and these assurers waive all rights of subrogation in respect of any remaining value in the vessel or the property intended to form part of said vessel.

TOUCHING the adventures and perils which we, the said assurers, are contented to bear and take upon us, they are of the seas, men-of-war, fire, enemies, pirates, rovers, thieves, jettisons, letters of mart and countermart, surprisals, takings at sea, arrests, restraints, and detentions of all kings, princes, and people, of what nation, condition, or quality soever, barratry of the master and mariners, and all other perils, losses, and misfortunes that have or shall come to the hurt, detriment, or damage of the said vessel, etc., or any part thereof. And in case of any loss or misfortune it shall be lawful for the assured, their factors, servants, and assigns, to sue, labor, and travel for, in, and about the defense, safeguard, and recovery of the said vessel, etc., or any part thereof, without prejudice to this insurance; to the charges whereof the said assurers will contribute according to the rate and quantity of the sum herein assured. And it is expressly declared and agreed that no acts of the assurer or insured in recovering, saving, or preserving the property insured shall be considered as a waiver or acceptance of abandonment. With leave to sail with or without pilots, to tow and be towed, and to assist vessels and/or craft in all situations and to any extent, and to go on trial trips. With liberty to discharge, exchange, and take on board goods, specie, passengers, and stores, wherever the vessel may call at or proceed to. Including all risks of docking, undocking, changing docks, or moving in harbor and going on or off gridiron, slipways, graving docks, and/or pontoon or dry docks as often as may be done during the currency of this certificate.

#### CLAUSES FOR BUILDER'S RISKS

##### (Including Shop Risks)

This insurance is also to cover all risks, including fire, while under construction and/or fitting out, including materials in buildings, workshops, yards, and docks of the assured, or on quays, pontoons, craft, etc., and all risks while in transit to and from the works and/or the vessel wherever she may be lying, also all risks of loss or damage through collapse of supports or ways from any cause whatever, and all risks of launching and breakage of the ways.

This insurance is also to cover all risks of trial trips, loaded or otherwise, as often as required, all risks whilst proceeding to and returning from the trial course, and all risk of delivery trips.

Upon submersible vessels, this insurance is also to cover trial trips submerged or unsubmerged.

With leave to proceed to and from any wet or dry docks, harbors, ways, cradles, and pontoons during the currency of this certificate.

With leave to fire guns and torpedoes, but no claim to attach hereto for loss of or damage to same or to vessel or machinery unless the accident results in the total loss of the vessel.

In case of failure of launch, underwriters to bear all subsequent expenses incurred in completing launch.

Average payable irrespective of percentage, and without deduction of one-third "NEW for OLD," whether the average be particular or general.

General Average and salvage charges, as per foreign custom, payable according to foreign statement and/or per York/Antwerp Rules 1890 or 1924, and/or in accordance with the contract of affreightment, if and as required; and if there be no contract of affreightment, or the vessel be laid up or in ballast, General Average, salvage and/or special charges, as per the laws and usages of New York, and payable accordingly and/or per York/Antwerp Rules 1890 or 1924; and in the event of salvage, towage, or other assistance being rendered to the vessel hereby insured by any vessel belonging in part or in whole to the same owners, it is hereby agreed that the value of such services (without regard to the common ownership of the vessels), shall be ascertained by arbitration in the manner hereinafter provided for under "Collision Clause," and the amount so awarded, so far as applicable to the interest hereby insured, shall constitute a charge under this certificate.

In event of deviation, to be held covered at an additional premium to be hereafter arranged.

To cover while building all damage to hull, machinery, apparel, materials, or furniture, caused by settling of the stocks, or failure or breakage of shores, blocking, or staging, or of hoisting or other gear, either before or after launching and while fitting out.

It is agreed that any changes of interest in the vessel hereby insured shall not affect the validity of this certificate.

This insurance also specially to cover loss of or damage to the hull or machinery through negligence of master, mariners, engineers, or pilots, or through bursting or explosion of boilers, breakage of shafts, or through any latent defect in the machinery or hull, or from explosion or other causes, arising either on shore or otherwise, causing loss of or injury to the property hereby insured, provided such loss or damage has not resulted from want of due diligence by the owners of the vessel or any of them, or by the manager, and to cover all risks incidental to navigation, or in graving docks.

NOTE: The coverage afforded by the matter enclosed in brackets [ ] is not applicable to contracts under which Collision Liability and Protection and Indemnity insurance is required.

#### [COLLISION CLAUSE]

[And it is further agreed that if the vessel hereby insured shall come into collision with any other ship or vessel, and the assured shall in consequence thereof become liable to pay, and shall pay by way of damages to any other person or persons any sum or sums not exceeding in respect of any one such collision the value of the vessel hereby insured, we, the assurers, will pay the assured such proportion of such sum or sums so paid as our subscriptions hereto bear to the

value of the vessel hereby insured. And in cases where the liability of the vessel has been contested, with the consent, in writing, of a majority of the underwriters on the hull and/or machinery (in amount), we will also pay a like proportion of the costs thereby incurred or paid; but when both vessels are to blame, then, unless the liability of the owners of one or both of such vessels becomes limited by law, claims under the collision clause shall be settled on the principle of CROSS LIABILITIES, as if the owners of each vessel had been compelled to pay to the owners of the other of such vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the assured in consequence of such collision.]

[And it is further agreed that the principles involved in this clause shall apply to the case where both vessels are the property, in part or in whole, of the same owners, all questions of responsibility and amount of liability as between the two vessels being left to the decision of a single arbitrator, if the parties can agree upon a single arbitrator, or failing such agreement to the decision of arbitrators, one to be appointed by the managing owners of both vessels, and one to be appointed by the majority (in amount), of underwriters interested in each vessel; the two arbitrators chosen to choose a third arbitrator before entering upon the reference. The decision of such single, or of any two of such three arbitrators, appointed as above, to be final and binding.]

[This clause shall also extend to any sum which the assured may become liable to pay, or shall pay for removal of obstructions under statutory powers, or injury to harbors, wharves, piers, stages, and similar structures, and/or for loss of life or personal injury consequent on such collision.]

#### [PROTECTION AND INDEMNITY CLAUSE]

[It is further agreed that if the assured shall, by reason of their interest in the insured vessel, become liable to pay and shall pay any sum or sums in respect of any responsibility, claim, demand, damages, and/or expenses arising from or occasioned by any of the following matters or things during the currency of this certificate, that is to say:

Loss of or damage to any other ship or vessel or goods, merchandise, freight, or other things or interests whatsoever, on board such other ship or vessel caused proximately or otherwise by the vessel insured insofar as the same is not covered by the running down clause set out above. Loss of or damage to any goods, merchandise, freight, or other things or interest whatsoever other than aforesaid (not being builders' gear or material or cargo on the insured vessel), whether on board the insured vessel or not, which may arise from any cause whatever.

Loss of or damage to any harbor, dock (graving or otherwise), slipway, way, gridiron, pontoon, pier, quay, jetty, stage, buoy, telegraph cable, or other fixed or movable thing whatsoever, or to any goods or property in or on the same, howsoever caused.

Any attempted or actual raising, removal, or destruction of the wreck of the insured vessel or the cargo thereof, or any neglect or failure to raise, remove, or destroy the same.

Any sum or sums for which the assured may become liable or incur from causes not hereinbefore specified, but which are absolutely or conditionally recoverable from or undertaken by the Liverpool & London Steamship Protection Association, Limited, and/or North of England Protecting & Indemnity Association, but excluding loss of life and personal injury.

These assurers will pay the assured their respective rateable proportions of such sum or sums so paid, or which may be required to indemnify the assured for such

loss, and where the liability of the assured has been contested with the consent in writing of a majority (in amount), of the underwriters on the vessel hereby insured, these assurers will also pay their respective rateable proportions of the costs which the assured shall thereby incur or be compelled to pay.

Notwithstanding the foregoing, this certificate is warranted free from any claim arising directly or indirectly under any Workmen's Compensation or Employers' Liability Acts and any other statutory or common law liability in respect of accidents to workmen.]

This insurance is also to cover loss or damage caused directly or indirectly by earthquake as applying to the Pacific Coast but not elsewhere.

NOTWITHSTANDING THE FOREGOING, this certificate is—

(A) Warranted free from capture, seizure, arrest, restraint, or detention, and the consequences thereof or of any attempt thereat (piracy excepted), and also from all consequences of hostilities or warlike operations whether before or after declaration of war.

\*(B) Warranted free of loss or damage caused by strikers, locked-out workmen, or persons taking part in labor disturbances or riots or civil commotions.

This insurance shall not be vitiated by any unintentional error in description of interest or voyage, provided the same be communicated to assurers as soon as known to the assured, and an additional premium paid if required.

Any provisions required by law to be stated in policies issued by a subscriber hereto shall be deemed to have been stated herein.

If required, policies conforming to this certificate shall be issued by each of the undersigned in the same amount as sums subscribed hereto.

These underwriters covenant and agree that the services of only citizens of the United States will be utilized as adjusters and others that may be required to inspect the vessel hereunder insured or the plant and facilities of the builder of said vessel.

#### \*Rider to "Free of Capture and Seizure" clause

This insurance also covers damage to or destruction of the property insured directly caused by strikers, locked-out workmen, or persons taking part in labor disturbances or riots or civil commotions or caused by vandalism, sabotage, or malicious mischief, but excluding civil war, revolution, rebellion or insurrection, or civil strife arising therefrom, and warranted free from any claim for delay, detention or loss of use.

Notwithstanding the exclusions in the F. C. & S. Clause in the within policy, "vandalism," "sabotage," and "malicious mischief," as used herein, shall be construed to include wilful or malicious physical injury to or destruction of the described property caused by acts committed by an agent of any Government, party or faction engaged in war, hostilities, or other warlike operations, provided such agent is acting secretly and not in connection with any operation of military or naval armed forces in the country where the described property is situated.

IN WITNESS WHEREOF, the INSURERS hereunder have caused this certificate to be signed by a duly qualified officer, attorney, or agent, the \_\_\_\_\_ day of \_\_\_\_\_, 19....

INSURER	AMOUNT	ACCEPTED FOR INSURER

# CERTIFICATE OF INSURANCE AGAINST LOSS OR DAMAGE

WDC Form No. 1  
July 1942

No. \_\_\_\_\_

## WAR DAMAGE CORPORATION

(A corporation created by Reconstruction Finance Corporation pursuant to Section 5d of the Reconstruction Finance Corporation Act, as amended, herein called the "Corporation")

WASHINGTON, D. C.

ISSUED TO: \_\_\_\_\_  
(herein called the "Insured")

Mail address: \_\_\_\_\_

Effective date: \_\_\_\_\_

IN CONSIDERATION of the payment of the premium, the Corporation agrees to indemnify the Insured, and legal representatives, against direct physical loss of or damage to the property described in the attached application which may result from ENEMY ATTACK INCLUDING ANY ACTION TAKEN BY THE MILITARY, NAVAL OR AIR FORCES OF THE UNITED STATES IN RESISTING ENEMY ATTACK.

This insurance shall take effect on the effective date herein stated, at noon, standard time, at the place where the property is located, and shall terminate twelve months thereafter, at the same hour.

The representations, terms and conditions of the application attached hereto shall be a part of this policy, and, except as otherwise herein provided, this policy shall cover the property described in the application, for the amounts therein stated, while located at the place(s) stated in the application, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of the Corporation.

The provisions printed on the following pages are made a part of this policy, and this policy shall also be subject to such other provisions, stipulations and agreements as may be added hereto, over the signature of a duly authorized Fiduciary Agent.

IN WITNESS WHEREOF, the Corporation has executed this policy, but this policy shall not be valid unless countersigned by a duly authorized Fiduciary Agent of the Corporation.

WAR DAMAGE CORPORATION,  
W. L. CLAYTON, *President.*

Attest:

A. T. HOBSON,  
*Secretary.*

Countersigned this \_\_\_\_\_ day of \_\_\_\_\_, 19....

\_\_\_\_\_  
(Authorized Fiduciary Agent)

By \_\_\_\_\_

## AMOUNT OF LOSS.

The amount of loss shall not exceed the actual cash value of the property nor the interest of the insured therein at the time of loss, nor the amount it would cost to repair or replace the property with material of like kind and quality within a reasonable time after the loss. No allowance shall be made for compensation for loss of use, loss of profits, loss resulting from delay or deterioration, loss or impairment of market, cessation of work, fixation of price or value, interruption of business or manufacture or occupancy, or for consequential loss. No allowance shall be made for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction, use or repair.

## CONCEALMENT OR FRAUD.

This policy shall be void if, whether before or after a loss, the Insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the Insured therein, or in case of any fraud or false swearing by the Insured relating thereto.

## PROPERTY EXCLUDED.

Unless specifically provided in writing hereon, this policy shall not cover accounts, bills, currency, deeds, evidences of debt, securities, money, bullion, stamps, furs, jewelry, precious and semi-precious stones, works of art, statuary, paintings, pictures, etchings, antiques, stamp and coin collections, manuscripts, books and printed publications more than 50 years old, models, curiosities, objects of historical or scientific interest, pleasure watercraft, pleasure aircraft, standing timber, growing crops, orchards, or any real property which is not a part of a structure or building.

## PREMIUM.

The premium required by the regulations of the Corporation shall be paid in full prior to the effective date. If a check is tendered in payment of premium and such check is not honored upon presentation for the full amount thereof, this policy shall be void.

## PERILS NOT COVERED.

The Corporation shall not be liable for loss caused directly or indirectly by:

- (a) blackout; burglary, robbery, theft, larceny, pillage or looting, sabotage, vandalism or malicious mischief; or
- (b) neglect of the Insured to use all reasonable means to save and preserve the property after damage resulting from the perils herein covered.

## PRO RATA DISTRIBUTION.

If any item of insurance covers blanket in or on more than one building, structure or place, the amount of insurance under such item shall attach in or on each building, structure or place in that proportion which the value of the property in or on each said building, structure or place shall bear to the value of all of the property covered by such blanket item.

This pro rata distribution clause shall not apply if this policy is subject to 90% or 100% coinsurance.

## COINSURANCE.

The Corporation shall not be liable for a greater proportion of any loss than the amount of insurance under this policy bears to the stipulated percentage of the actual cash value of the property described in the application at the time when such loss occurs. The stipulated percentage shall be the percentage of coinsurance stated in the application. If the claim for loss is both less than \$10,000 and less than 2% of the total amount of insurance upon the property described in

the application, at the time such loss occurs, no special inventory or appraisal of the undamaged property shall be required, and if the property described in the application consists of two or more items, the provisions of this paragraph shall apply to each item separately.

The provisions of this coinsurance clause shall not apply to dwellings comprising less than five family units, nor to farm properties.

## OTHER INSURANCE.

If there is any other insurance covering the property insured hereunder, whether prior to, subsequent to, or simultaneous with this insurance, which in the absence of this insurance would cover the loss or damage hereby covered, then the Corporation shall not be liable hereunder for more than the excess over and above such other insurance.

## MORTGAGE OR OTHER INTERESTS.

If the application provides that loss hereunder shall be payable in whole or in part to a payee other than the Insured, and the Insured fails to render proof of loss within the time required by this policy, such payee shall, upon notice, as if named as the Insured herein, render proof of loss as herein specified within sixty days thereafter, and shall be subject to the provisions hereof as to examination under oath, appraisal, time of payment, and bringing suit.

## CANCELLATION.

This policy may be cancelled upon the request of the Insured and surrender of this policy, only in case of change in ownership of the property, or in the Insured's interest therein. If this policy be issued in violation of the regulations of the Corporation in effect at the time of issuance, this policy may be cancelled by the Corporation by delivering or mailing five days' written notice to the Insured, and to the loss payee, if any, at the address given in the application. In the event of cancellation, the net premium shall be prorated and returned in conformity with the regulations of the Corporation.

## REQUIREMENTS IN CASE OF LOSS.

In the event of loss, the Insured shall give immediate written notice to the Corporation, furnish a complete inventory of the destroyed, damaged and undamaged property, stating the quantity, cost and actual cash value of each article and the amount claimed thereon, and file with the Corporation a proof of loss within 60 days after the loss, unless such time is extended by the Corporation in writing. Such proof of loss, signed and sworn to by the Insured, shall state the Insured's knowledge and belief as to the time and origin of the loss, the interest of the Insured and all others in the property, the actual cash value of each item thereof and the amount of loss thereto, and all contracts of insurance covering any of such property. If required, the Insured shall furnish verified plans and specifications of any buildings, fixtures or machinery destroyed or damaged; as often as may be required, exhibit to any person designated by the Corporation all that remains of any property herein covered; submit to examinations under oath by any person named by the Corporation and subscribe the same; and, as often as may be required, produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof, if originals be lost, at such reasonable time and place as may be designated by the Corporation, and permit extracts and copies thereof to be made.

## APPRAISAL.

In case the Insured and the Corporation fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser

selected within twenty days after such demand. The appraisers shall first select a competent and disinterested umpire, and, in the event of their failure within fifteen days to agree upon such umpire, then, on request of the Insured or the Corporation, such umpire shall be selected by a Judge of a Federal Court of the district in which the property is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with the Corporation shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and the umpire shall be paid by the parties equally.

#### **CORPORATION'S OPTIONS.**

It shall be optional with the Corporation to take all or any part of the property at the agreed value, and also to repair, rebuild, or replace the property destroyed or damaged with other of like kind and quality within a reasonable time on giving notice of its intention so to do within thirty days after the receipt of the proof of loss; but there can be no abandonment to the Corporation of any property.

#### **PAYMENT OF LOSS.**

Any loss shall be payable sixty days after proof of loss, as herein provided, is received by the Corporation and ascertainment of the loss is made either by agreement between the Insured, mortgagee or loss payee, if any, and the Corporation, expressed in writing, or by the filing with the Corporation of an award as herein provided, and if the loss shall be payable to a payee other than the Insured, the amount of any loss shall be payable to such payee as interest may appear.

#### **SUIT.**

No suit or action for recovery of any claim, shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, or unless commenced within twelve months after the date of loss.

#### **SUBROGATION.**

The Corporation may require from the Insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by the Corporation.

#### **WAIVER.**

No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of the Corporation relating to appraisal or to any examination provided for herein.

#### **EXTENSION OF TIME.**

If the Insured is unable to comply with any of the provisions of this policy applicable to a loss because of enemy action, occupation or control, the Insured's right of recovery shall not be prejudiced, provided the Insured shall comply with such provisions within a reasonable time after the Insured becomes able to do so, but in no event later than six months thereafter.